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E.O. 12958: DECL: 10/02/2017  
TAGS: [KTFN](#) [EFIN](#) [ETTC](#) [PREL](#) [PTER](#) [IT](#) [IR](#)  
SUBJECT: TERRORIST FINANCE: ITALIANS STILL NOT ON BOARD  
WITH FATF UNSCR 1737 GUIDANCE AND CLOSE TO MOVING TO DELIST  
NASREDDIN

REF: A. ROME 2032  
[1](#)B. LAMBERT-HUTCHINGS(NOTAL) EMAIL  
[1](#)C. SECSTATE 136475

Classified By: ECONCOUNS William R. Meara  
for reasons 1.4 (b. and d.)

[1](#)1. (S) Summary: An Italian Ministry of Finance official predicted lengthy discussions on UNSCR 1737 (Iran) implementation at the October 12 Financial Action Task Force (FATF) plenary in Paris. Italian officials are also close to announcing a decision to approve delisting Italian national Nasreddin from the 1267 Sanctions List, but as of October 5 the GOI is still deliberating. Ministry of Finance officials had hoped to announce their position on delisting in New York next week, but are still reviewing information and ensuring necessary internal procedures are completed. The Italian government is investigating the five Saudi nationals (Ref C), but said they had no information at this time. End Summary.

[1](#)2. (S) On October 2, Roberto Ciciani, head of the Financial Crimes Prevention Unit at the Ministry of Finance and lead Italian negotiator on FATF- Working Group on Terrorist Financing and Money Laundering (WGTM) told Econoff that there were still differences among FATF countries over the guidance FATF would issue on implementing the financial sanctions against Iran as mandated in UNSCR 1737. Ciciani predicted protracted negotiations over the paragraphs involving core controls, letters of credit, and loan agreements. His office is also waiting to hear the results of FATF's consultations with the private sector concerning the procedures proposed in the draft paper. Comment: Ciciani's anxiety over how to enforce existing financial sanctions on Iran could signal deeper Italian uneasiness about additional Security Council or FATF actions, such as Recommendation 21 (Ref A) against Iran. End Comment.

[1](#)3. (S) Ciciani had told Econoff that Italy would likely take a decision to de-list Italian National Nasreddin from the 1267 Sanctions List on October 2 (Ref A). Noting that they had referred the case to a judicial magistrate in Milan, Ciciani said the magistrate had ruled last week that there was not enough evidence against Nasreddin to warrant his remaining on the sanctions list. As a result of this ruling, he believed the GOI committee charged with making the delisting decision would formally agree to support delisting on October 3. Ciciani asked to be kept updated on the USG position, because it will influence the GOI's decision.

¶4. (S) After receiving Ref B email, Econoff informed the Ministry of Finance and Ministry of Foreign Affairs that the USG had "tentatively decided" to delist Nasreddin. Econoff followed up with Maria Paola Suppa in Ciciani's office on October 4 and 5, and was informed that the Italian committee was still reviewing the case and had not yet made a decision. Suppa said the delay was a result of internal GOI procedure and hoped to have a decision next week. Suppa promised to inform Econoff as soon as a decision was made and asked to be kept updated on the USG position.

¶5. (S) Ciciani affirmed that the GOI will follow UNSCR Sanctions policy should Nasreddin remain on the sanctions list. He added that he personally believed Nasreddin should be taken off the list in order to preserve the integrity of the Focal Point process and the 1267 Sanctions List. The committee will also likely recommend delisting all of Nasreddin's associates. Commenting on the irony of the case, Ciciani said that the mechanisms put in place to monitor Nasreddin produced the evidence the magistrate used to rule for de-listing. However, Ciciani also pointed out that anti-money laundering regulations will be better enforced as a result of lessons learned from this case.

¶6. (S) On October 2, Econoff delivered Ref C demarche concerning the five Saudi nationals. Ciciani had no substantive comment on the names, but said he would follow-up as appropriate and pass any information they found. Suppa told Econoff on October 5 that she had disseminated the names through her internal working group and to date no information had been found.  
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